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**ST. JAMES COUNCIL ON AGING**  
**(A NOT-FOR-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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INDEPENDENT AUDITORS' REPORT

To the St. James Community Action  
Administering Board (CSBG)  
St. James Council on Aging  
Convent, Louisiana

We have audited the accompanying statements of St. James Council on Aging (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

St. James Council on Aging's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

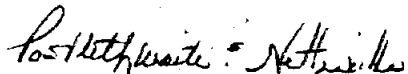
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. James Council on Aging as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of St. James Council on Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. James Council on Aging's internal control over financial reporting and compliance.



Donaldsonville, Louisiana  
May 3, 2013

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

To the St. James Community Action  
Administering Board (CSBG)  
St. James Council on Aging  
Convent, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. James Council on Aging (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. James Council on Aging's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. James Council on Aging's internal control. Accordingly, we do not express an opinion on the effectiveness of St. James Council on Aging's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. James Council on Aging's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be report under *Government Auditing Standards* but we have a finding described in the accompanying Schedule of Findings as item 2012-1.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. James Council on Aging's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Nettles*

Donaldsonville, LA  
May 3, 2013

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

**CURRENT ASSETS**

Cash in bank	\$ 66,972
Unconditional promises to give	20,100
	<u>87,072</u>

Restricted assets:

Cash in bank	73,793
Total restricted assets	<u>73,793</u>

Total current assets	<u>160,865</u>
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Total assets	<u><u>\$ 160,865</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES (payable from current assets)**

Accounts payable	\$ 151
Accrued expenses	10,400
Due to St. James Parish	1,249
Total current liabilities (payable from current assets)	<u>11,800</u>

**CURRENT LIABILITIES (payable from restricted assets)**

Accounts payable	100
Due to St. James Parish	1,828
Total current liabilities (payable from restricted assets)	<u>1,928</u>

**NET ASSETS**

Temporarily restricted	71,865
Unrestricted	75,272
Total net assets	<u>147,137</u>

Total liabilities and net assets	<u><u>\$ 160,865</u></u>
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The accompanying notes are an integral part of this statement.



**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and revenues</u>			
Support:			
Allocations by Capital Area United Way	\$ 43,774	\$ -	\$ 43,774
Helping Hands	-	6,703	6,703
Federal financial assistance	-	49,115	49,115
Hurricane Isaac Disaster Relief	-	15,000	15,000
Elderly Services	-	1,000	1,000
Donations by St. James Parish Council	8,300	-	8,300
Total support	<u>52,074</u>	<u>71,818</u>	<u>123,892</u>
Net assets released from restrictions			
Satisfaction of program restrictions	48,208	(48,208)	-
	<u>48,208</u>	<u>(48,208)</u>	<u>-</u>
Total support and revenues	<u>100,282</u>	<u>23,610</u>	<u>123,892</u>
<u>Expenses</u>			
Program services:			
Emergency assistance	25,935	-	25,935
Helping Hands	2,953	-	2,953
Rental assistance	44,521	-	44,521
Education & training	734	-	734
Total program services	<u>74,143</u>	<u>-</u>	<u>74,143</u>
Support services:			
General and administrative	9,900	-	9,900
Total expenses	<u>84,043</u>	<u>-</u>	<u>84,043</u>
Change in net assets	16,239	23,610	39,849
Net assets, beginning of year	<u>59,033</u>	<u>48,255</u>	<u>107,288</u>
Net assets, end of year	<u>\$ 75,272</u>	<u>\$ 71,865</u>	<u>\$ 147,137</u>

The accompanying notes are an integral part of this statement.

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Emergency Assistance</u>	<u>Helping Hands</u>	<u>Rental Assistance</u>	<u>Education and Training</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and fringe benefits	\$ 10,763	\$ -	\$ 149	\$ 257	\$ -	\$ 11,169
Professional fees	-	-	-	-	9,900	9,900
Assistance to individuals	15,172	2,953	44,372	-	-	62,497
Transportation	-	-	-	51	-	51
Miscellaneous	-	-	-	426	-	426
Total	<u>\$ 25,935</u>	<u>\$ 2,953</u>	<u>\$ 44,521</u>	<u>\$ 734</u>	<u>\$ 9,900</u>	<u>\$ 84,043</u>

The accompanying notes are an integral part of this statement.

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Decrease in net assets	\$ 39,849
Adjustment to reconcile decrease in net assets to net cash used in operating activities:	
Changes in:	
Unconditional promises to give	3,250
Federal grants receivable	5,913
Accounts payable	8
Due to St. James Parish	(21,102)
Net cash provided by operating activities	<u>27,918</u>
Net increase in cash	27,918
Cash at beginning of year	<u>112,847</u>
Cash at end of year	<u><u>\$ 140,765</u></u>
 Cash for cash flow statement include:	
Cash in bank, unrestricted	\$ 66,972
Cash in bank, restricted	73,793
	<u><u>\$ 140,765</u></u>

The accompanying notes are an integral part of this statement.

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

St. James Council on Aging (the Council) is a not-for-profit, non-stock corporation organized to promote the welfare of the elderly and poverty level citizens of St. James Parish, Louisiana. St. James Council on Aging collects facts and statistics and makes special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging and poor of St. James Parish. The Capital Area United Way provides funding to St. James Council on Aging for its Emergency Assistance Program. Emergency assistance is provided to low income individuals and families for payment of medical bills, utilities, rent, purchase of food and clothing, and similar needs. Other programs are funded by private foundations and grants.

St. James Council on Aging was incorporated in 1973. In the bylaws adopted in 1989, the St. James Parish's Department of Human Resources is charged with carrying out the activities of St. James Council on Aging.

**Basis of Accounting**

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Classification of Net Assets**

Financial Accounting Standards Board Codification No. 958 entitled "Not-For-Profit Entities" requires that net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted – based on the existence or absence of donor imposed restrictions of the assets to a particular purpose. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Council and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that neither expired by the passage of time nor can be fulfilled and removed by actions of the Council pursuant to those stipulations. The Council has no permanently restricted net assets.

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Council uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Cash and cash equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and certificates of deposits with original maturity dates of three months or less.

**Concentration of credit risk**

The Council has bank accounts at local financial institutions. All of the Council's deposits are properly insured by the Federal Deposits Insurance Corporation (FDIC) as of December 31, 2012.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income taxes**

The Council accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Council is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the

**ST. JAMES COUNCIL ON AGING**  
**CONVENT, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Income taxes** (continued)

Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Council has not recorded a provision for income taxes in the accompanying financial statements and the Council does not have any uncertain tax positions. The Council files a federal income tax return under U.S. federal jurisdiction.

The Council's tax returns for the years ended December 31, 2011, 2010, and 2009 remain open and subject to examination by taxing authorities.

**2. Promises to Give**

Unconditional promises to give at December 31, 2012 consist of United Way core funding in the amount of \$20,100.

**3. Restricted Net Assets**

The Council's temporarily restricted net assets are available for the following purposes:

Mental Health	\$ 7,655
Helping Hands	3,750
Disaster Assistance-Katrina	27,922
Disaster Assistance-Isaac	15,000
IDA	5,142
Transportation	3,610
Elderly Service	3,723
Rental Assistance	4,594
Weatherization	469
	<u>\$ 71,865</u>

**4. Related Party and Donated Services and Facilities**

St. James Council on Aging presently has no employees. In accordance with its bylaws, the Council on Aging has given operational responsibilities for all programs to the Department of Human Resources of the St. James Parish. Employees of the Department of Human Resources administer the programs of St. James Council on Aging. No amounts have been reflected in the financial statements for donated services or facilities from St. James Parish.

**5. Evaluation of Subsequent Events**

The Council has evaluated subsequent events through May 3, 2013, the date which the financial statements were available to be issued.

**ST. JAMES COUNCIL ON AGING**

**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2012**

**COMPLIANCE FINDING**

**2012-1      Cash Management**

Condition:      Funds were received in the amount of \$4,594 for payment on January 2013 leases on December 24, 2012. The payments for rent to the landlords were not disbursed until January 17, 2013.

Criteria:      Per the tenant based rental assistance agreement for the 2010-2011 Home Investment Partnership Program, the payment for tenant leases and security deposits shall be disbursed upon the monthly submission by St. James Council on Aging of the Rental Assistance Authorization Form evidencing the next months' leases and deposits to be paid. The St. James Council on Aging shall establish procedures to insure that any funds requested shall be expended within fifteen (15) days of receipt of the funds in the electronic depository account.

Effect:      Funds are being requested from the grantor and being held by the grantee in excess of the fifteen day period.

Cause:      The Council does not have procedures to insure that the funds are expended within the fifteen day period after receipt of the funds.

Recommendation: The Council should develop procedures to insure that the funds requested are dispersed with the fifteen day period after receipts of the funds.

**Management's  
Corrective**

Action Plan:      To further strengthen internal controls management will check the online bank account at least twice per week to determine if funds requested were received and then will disburse the funds within fifteen (15) days in order to satisfy the grant requirements.